



Fast Facts about FASAC

An Abbreviated Guide to the Financial Accounting Standards Advisory Council

An Overview

The Financial Accounting Standards Advisory Council—FASAC, or “the Council” for short—was formed in 1973 concurrent with the establishment of the Financial Accounting Standards Board (the FASB or the Board).

The primary function of FASAC is to advise the Board on issues related to projects on the Board’s agenda, possible new agenda items, project priorities, procedural matters that may require the attention of the FASB, and other matters as requested by the chairman of the FASB. FASAC meetings provide the Board with an opportunity to obtain and discuss the views of a very diverse group of individuals from varied business and professional backgrounds.

The members of FASAC are drawn from the ranks of CEOs, CFOs, senior partners of public accounting firms, executive directors of professional organizations, and senior members of the academic and analyst communities, all with an interest in the integrity of full and complete financial reporting and disclosure.

Carrying Out the Mission

It is the job of the FASB to establish the “generally accepted accounting principles,” or GAAP, to which public financial reporting by U.S. corporations must conform and to keep those principles current.

In conducting its activities, the Board strives to carefully weigh the views of its constituents, who include all those with an interest in financial reporting, including users, preparers, and auditors of financial reports. The Council provides an important sounding board to help the FASB understand what constituents are thinking about a wide range of issues.

FASAC’s role is *not* to reach a consensus or to vote on the issues that it considers at its meetings. Rather, FASAC operates as a window through which the Board can obtain and discuss the representative views of the diverse groups the FASB affects. Thus, FASAC provides the forum for two-way communication. For this reason, it is important to convene the Council members as a group so that the Board can hear the individual views of those members and so that the members can hear and respond to each other’s views.

Members of FASAC are urged to speak out publicly on matters before the FASB and also to be supportive of the Board’s process and the principle of private-sector standard setting. Individual Council members are not expected to agree with the Board’s decisions on all of the technical aspects of the projects on the Board’s agenda, but it is important that FASAC members support the institution and its due process.

Structure of the Organization

FASAC is an operating arm of the Financial Accounting Foundation, an organization that is independent of any other business or professional organization. The Foundation is run by a 16-member Board of Trustees who are leaders in the business, accounting, financial, government, and academic communities.

The Foundation selects the members of FASAC, including the chairman, and broadly oversees its operations. The Council comprises 33 members who represent a broad cross section of the Board's constituency. They are appointed for a one-year term and are eligible to be reappointed for three additional one-year terms.

The Process

The Council meets once each quarter at the FASB's offices in Norwalk, Connecticut. Like the FASB, FASAC is committed to following an orderly process that is open to public observation. In addition to the Council members, the members of the FASB, its director of research and technical activities, several members of the FASB's staff, and the chief accountant of the SEC attend each meeting.

Additional Information

If you would like more detailed information about FASAC, including a schedule of its quarterly meetings, call or write:

Richard J. Swift, *Chairman* or Teresa S. Polley, *Executive Director*

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